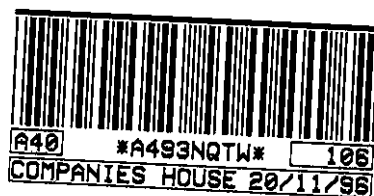


THAMES VALLEY POWER LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
PERIOD ENDED 31 MARCH 1996



**THAMES VALLEY POWER LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 1996**

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**Directors**

Mr R Barnes  
Mr S J Bott  
Mr M A Holmes  
Mr JL Norton  
Mr G W Welsh  
Mr G K Bauer

**Secretary**

Ms A Sigley

**Registered Number**

3041643

**Auditors**

Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN

**Registered Office**

Templar House  
81-87 High Holborn  
LONDON  
WC1V 6NU

## **THAMES VALLEY POWER LIMITED**

### **REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 1996**

The Directors present their report and the audited financial statements for the period ended 31 March 1996.

#### **ULTIMATE HOLDING COMPANY**

The Company is a 50/50 Joint Venture between the London Power Company Limited (a 100% beneficially owned subsidiary of London Electricity plc) and CU Power Generation Limited. The Company was incorporated on 29 March 1995.

#### **PRINCIPAL ACTIVITY**

The Company's principal activity is electrical power generation. It will continue in this activity for the foreseeable future.

#### **RESULTS AND DIVIDEND**

The Company was dormant for the period 29 - 31 March 1995 and commenced trading on 27 July 1995. The profit for the financial period was £20,671. Further information is contained in the financial statements appended to this report.

The Directors do not recommend payment of a dividend.

#### **FIXED ASSETS**

Details of the movements in fixed assets during the period are shown in Note 10 to the financial statements.

#### **DIRECTORS**

Directors who held office during the period were as follows:-

Mr G K Bauer	(appointed 31/3/95)
Mr R Barnes	(appointed 26/1/96)
Mr J L Norton	(appointed 31/3/95)
Mr S J Bott	(appointed 31/3/95)
Mr G W Welsh	(appointed 31/3/95)
Mr M A Holmes	(appointed 31/3/95)
Mr D Collison	(appointed 31/3/95 - alternative to Mr M A Holmes)
Mr I A Smith	(appointed 26/1/96 - alternative to Mr G W Welsh)
Mr C Twa	(appointed 31/3/95 - alternative to Mr G K Bauer)
Mr J D Zieve	(appointed 31/3/95 and resigned 28/11/95 - alternative to Mr S J Bott)
Mr B Collett	(appointed 29/3/95 and resigned 31/3/95)

The Articles do not provide for the rotational retirement of directors.

#### **DIRECTORS' INTERESTS**

None of the Directors has a contract of service with the Company.

There were no contracts of significance during or at the end of the financial period in which a director of the Company was materially interested.

There are no particulars or arrangements requiring disclosure pursuant to section 232 of the Companies Act 1985.

#### **DIRECTORS' SHAREHOLDINGS**

No director or any connected person has an interest in the shares capital of the Company.

#### **AUDITORS**

At the meeting of the directors on 31 March 1995 Coopers and Lybrand were appointed as the auditors and will be requested to continue in office.

By Order of the Board



A Sigley  
Company Secretary

10 September 1996

Registered Office:

Templar House  
81-87 High Holborn  
London WC1V 6NU

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The following statement sets out the responsibilities of the directors in relation to the financial statements. It should be read in conjunction with the auditors report on page 6.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have met their responsibilities as set out in this statement.

**THAMES VALLEY POWER LIMITED**

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF THAMES VALLEY POWER LIMITED**

We have audited the financial statements on pages 7 to 15.

**Respective responsibilities of directors and auditors**

As described on page 5 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

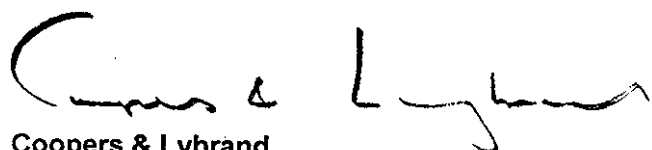
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1996 and of its profit, total recognised gains and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
London  
10 September 1996

**THAMES VALLEY POWER LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD ENDED 31 MARCH 1996**

	Notes	1995/96 £
Turnover	2	2,875,927
Cost of sales		(1,284,953)
<b>Gross Profit</b>		<u>1,590,974</u>
Net operating expenses	3	(1,112,374)
<b>Operating profit</b>	4	<u>478,600</u>
Interest receivable	7	12,783
Interest payable	8	(470,712)
<b>Profit on ordinary activities before taxation</b>		<u>20,671</u>
Tax on profit on ordinary activities	9	0
<b>Retained Profit for the period</b>	19	<u><u>20,671</u></u>

The results of the Company relate entirely to continuing operations.

There are no recognised gains or losses other than the profit for the financial period and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

**THAMES VALLEY POWER LIMITED****BALANCE SHEET****AS AT 31 MARCH 1996**

	<b>Notes</b>	<b>1996 £</b>
<b>Fixed Assets</b>		
Tangible assets	10	10,826,172
<b>Current Assets</b>		
Stocks	11	80,112
Debtors	12	574,858
Bank		756,000
		<u>1,410,970</u>
<b>Current Liabilities</b>		
Amounts falling due within one year	13	(1,691,680)
<b>Net Current Assets</b>		<u>(280,710)</u>
<b>Total assets less current liabilities</b>		<u>10,545,462</u>
<b>Amounts falling due in more than one year</b>		
Long Term Loans	14	(8,450,000)
Provisions for Liabilities and Charges	15	(54,791)
<b>Net Assets</b>		<u><u>2,040,671</u></u>
<b>Capital and Reserves</b>		
Share capital	17	2,020,000
<b>Reserves</b>		
Profit and loss account	19	20,671
<b>Equity shareholders' funds</b>	20	<u><u>2,040,671</u></u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 10 September 1996 and signed on its behalf by:



S J Bott  
Director



**THAMES VALLEY POWER LIMITED**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 1996**

	Notes	1996 £
<b>Net cash inflow from continuing operating activities</b>	21	<u>824,978</u>
<b>Returns on investments and servicing of finance</b>		
Interest received		9,221
Interest paid		0
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>9,221</u>
<b>Taxation</b>		
UK Corporation tax paid		0
<b>Investing activities</b>		
Acquisition of assets		(10,938,000)
Purchase of fixed assets		(388,787)
<b>Net cash outflow from investing activities</b>		<u>(11,326,787)</u>
<b>Net cash outflow before financing</b>		<u>(10,492,588)</u>
<b>Financing</b>		
Issue of shares		2,020,000
Issue of loans		9,200,000
<b>Net cash inflow from financing</b>		<u>11,220,000</u>
<b>Increase in cash and cash equivalents</b>	22	<u><u>727,412</u></u>

# **THAMES VALLEY POWER LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 1996**

### **1. ACCOUNTING POLICIES**

#### **Accounting conventions**

The financial statements have been prepared under the historical cost convention and comply with applicable United Kingdom accounting standards.

#### **Turnover**

Turnover arises entirely in the United Kingdom from the supply and generation of heat and electricity and is stated exclusive of value added tax.

#### **Tangible fixed assets**

The cost of individual tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful economic life. The straight line method is used.

Lives of depreciable assets are as follows:

Plant and equipment	15 years
Lease Premium	15 years
IT Equipment	3 years

#### **Stocks**

Stocks are stated at the lower of cost or net realisable value.

#### **Deferred taxation**

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision is made for deferred taxation using the liability method only where it is anticipated to crystallise within the foreseeable future.

#### **Foreign currency**

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date unless covered by forward foreign exchange contracts, in which case the forward rate is used. Any differences are taken to the profit and loss account.

#### **Leases**

Rental costs and revenue under operating leases are charged to the profit and loss account in the period in which they are incurred.

### **2. TURNOVER**

Turnover arises entirely in the United Kingdom.

**3.NET OPERATING EXPENSES****1996****£****Continuing operations**

Operation and Maintenance costs

1,058,057

Administrative costs

54,317

1,112,374**4. OPERATING PROFIT****1996****£**

Operating profit is stated after charging the following:

Depreciation

500,615

Amortisation of discount (see note 16)

1,466

Auditors remuneration

2,500**5. DIRECTORS' EMOLUMENTS**

No Director received remuneration from the Company during the period.

**6. EMPLOYEE INFORMATION**

The Company had no employees during the period.

**7. INTEREST RECEIVABLE****1996****£**

Interest receivable on the bank deposit account

12,783**8. INTEREST PAYABLE****1996****£**Interest due on the long term loans from London Power Company Ltd and  
CU Power Generation Ltd.470,712**9. TAXATION ON PROFITS ON ORDINARY ACTIVITIES****1996****£**Amount receivable from CU Power Generation Ltd in respect of consortium  
relief (see note 16)

54,791

Deferred taxation

(54,791)0The Company has surrendered the benefit of 50% of the tax losses to CU Power Generation Ltd for a  
consideration of £41,508. The remaining tax losses are available for carry forward.

**10. FIXED ASSETS**

	Plant and Equipment £	Lease Premium £	IT Equipment £	Total £
<b>Cost</b>				
As at 29 March 1995	-	-	-	-
Acquired from Heathrow Airport Ltd	9,548,000	1,390,000	-	10,938,000
Additions	387,192	-	1,595	388,787
At 31 March 1996	<u>9,935,192</u>	<u>1,390,000</u>	<u>1,595</u>	<u>11,326,787</u>
<b>Depreciation</b>				
As at 29 March 1995	-	-	-	-
Charge for the period	438,723	61,760	132	500,615
At 31 March 1996	<u>438,723</u>	<u>61,760</u>	<u>132</u>	<u>500,615</u>
<b>Net book value</b>				
At 29 March 1995	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 1996	<u>9,496,469</u>	<u>1,328,240</u>	<u>1,463</u>	<u>10,826,172</u>

**11. STOCKS**

	1996 £
Raw materials and consumables	<u>80,112</u>

**12. DEBTORS**

	1996 £
<b>Amount falling due within one year:</b>	
Prepayments and accrued income	517,971
Amount receivable from CU Power Generation Ltd in respect of consortium relief of corporation tax (see note 16)	41,508
Unamortised discount	11,817
Interest receivable	3,562
	<u>574,858</u>

**13. CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR**

	1996 £
Trade creditors	68,123
Bank overdraft	28,588
Other taxation and social security	98,334
Interest payable	470,712
Accruals and deferred income	275,923
Current instalments due on long term loans from London Power Company Ltd and CU Power Generation Ltd.	750,000
	<u>1,691,680</u>

**14. CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR**

The following loans are repayable by 30 June 2005 in equal quarterly instalments. Interest on the principal amounts outstanding is charged at 7.5% per annum.

London Power Company Ltd	4,225,000
CU Power Generation Ltd	4,225,000
	<u>8,450,000</u>

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current year is as follows:

	1996 £
At 29 March 1995	0
Charge for the year	54,791
At 31 March 1996	<u>54,791</u>

Deferred taxation provided in the accounts is as follows:

	1996 £
Capital allowances in advance of depreciation	109,582
Unutilised tax losses	(54,791)
	<u>54,791</u>

There is no unprovided deferred tax.

## 16. CONSORTIUM RELIEF

### Discount

At 29 March 1995	0
Tax value of losses surrendered during the year	54,791
Less: Consideration receivable	(41,508)
At 31 March 1996	<u>13,283</u>

### Amortisation

At 29 March 1995	0
Provided during the year	1,466
At 31 March 1996	<u>1,466</u>

Net unamortised discount

11,817

## 17. SHARE CAPITAL

	1996 £
<b>Authorised</b>	
1,500,000 'A' ordinary shares of £1 each	1,500,000
1,500,000 'B' ordinary shares of £1 each	1,500,000
	<u>3,000,000</u>

### Allotted, called up and fully paid

1,010,000 'A' ordinary shares of £1 each held by London Power Company Ltd	1,010,000
1,010,000 'B' ordinary shares of £1 each held by CU Power Generation Ltd	1,010,000
	<u>2,020,000</u>

During the period 2,020,000 ordinary shares of £1 were issued at par to finance the purchase of the gas turbine power generation facility from Heathrow Airport Ltd.

## 18. ACQUISITIONS

On 27 July 1995 the Company acquired the gas turbine power generation facility from Heathrow Airport Ltd. The Company paid Heathrow Airport Ltd £10,938,000 as fair value consideration.

Assets acquired:

	£
Plant and Equipment	9,548,000
Lease Premium	1,390,000
	<u>10,938,000</u>

**19. RESERVES**

	Profit and Loss Account £
Balance at 29 March 1995	-
Retained profit for the period	20,671
Balance at 31 March 1996	<u>20,671</u>

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	1996 £
Opening shareholders' funds	-
Issue of shares	2,020,000
Profit for the period	20,671
Closing shareholders' funds	<u>2,040,671</u>

**21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1996 £
<b>Continuing operating activities</b>	
Operating profit	478,600
Depreciation on tangible fixed assets	500,615
Amortisation of discount	1,466
Increase in stocks	(80,112)
Increase in prepayments and accrued income	(517,971)
Increase in trade creditors	68,123
Increase in other taxation and social security	98,334
Increase in accruals and deferred income	275,923
<b>Net cash inflow from continuing operating activities</b>	<u>824,978</u>

**22. CHANGES IN CASH AND CASH EQUIVALENTS**

	1996 £
At 29 March 1995	-
Net cash inflow	727,412
At 31 March 1996	<u>727,412</u>

Analysis of balances	1996 £	1995 £	Change in year £
Cash at bank	756,000	-	756,000
Bank overdraft	(28,588)	-	(28,588)
	<u>727,412</u>	<u>-</u>	<u>727,412</u>

### 23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital £	Long term loans £
At 29 March 1996	-	-
Issue of shares	2,020,000	
Issue of loan notes by London Power Company Ltd and CU Power Generation Ltd		9,200,000
At 31 March 1996	<u>2,020,000</u>	<u>9,200,000</u>

### 24. CAPITAL COMMITMENTS

	1996 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>22,705</u>